

THE CITY OF ERICK, OKLAHOMA

206 South Sheb Wooley
P.O. Box 25
Erick, Oklahoma 73645
Phone: 580-526-3924 - Fax: 580-526-3830



Thomas J. Smith, Mayor

Ruth Clymer, City Clerk

May 31, 2013

The Honorable Ray LaHood
Secretary
U.S. Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590

Dear Secretary LaHood:

City of Erick, located on the western edge of Oklahoma, would appreciate any support possible for the State of Oklahoma's application to secure funding to aid rehabilitation of state-owned rail line in western Oklahoma. The Oklahoma Department of Transportation is seeking approximately \$2 million to help them re-open a currently out-of-service rail line as part of a move to aid delivery of crude oil to market out of western Oklahoma and the Texas panhandle. This area has become one of the country's most active alternative energy extraction regions.

The project is to be centered on the community of Erick, Oklahoma in Beckham County, Oklahoma, where the state-owned line currently ends. Erick is one of Oklahoma's most economically depressed locations with a poverty rate in the neighborhood of 30%. The opportunity to promote economic growth in our area would bring hope for the future of our Community in a time when economic problems control our ability to bring infrastructure improvements and therefore inhibit growth.

Currently, the State of Oklahoma leases its track in western Oklahoma to Farmrail Corporation. They operate a rail facility in Sayre, Oklahoma. It is our understanding that even with Farmrail doubling its current capacity, they will soon outgrow their available development ability adjacent to the Sayre yard due to the unbelievable growth in this sector of energy development. If the State of Oklahoma can open the remaining 17 miles of track between Sayre and Erick, it would allow for the establishment of new facilities capable of meeting the tremendous energy growth in western Oklahoma as well as the eastern Texas panhandle by providing an economical readily available method of moving oil products to market. Additionally, it is expected that the line will again assist with agribusiness shipping needs. The opening of this sector of the rail road would also help control the erosion of our Oklahoma highways by providing alternative transportation to trucking, thus improving road condition and safety for all travelers on our Oklahoma highways.

This project, according to Oklahoma Department of Transportation, is expected to cost \$2.6 million with the State of Oklahoma providing a 30% match. We know these dollars will lead to direct employment and business growth upon re-opening of this rail line. Projects similar to this one east of Erick have literally brought about rebirth to the communities around the rail facilities; examples include Sayre and Elk City.

The City of Erick, Oklahoma, located just seven miles from the Texas Panhandle on I-40 Interstate, look forward to your support of such a worthy project that should help our Community to grow once again by providing new jobs and opportunities for our rural area of Oklahoma.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ruth Clymer", written over a horizontal line.

Ruth Clymer, City Clerk/Treasurer

CC: Director, Mike Patterson, ODOT



OKLAHOMA DEPARTMENT OF TRANSPORTATION

J. Michael Patterson, Director

200 N. E. 21st Street
Oklahoma City, OK 73105-3204
(405) 522-1800

May 29, 2013

The Honorable Ray LaHood, Secretary of Transportation
Office of the Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

RE: Support Letter for Oklahoma Department of Transportation TIGER 2013 Grant Application
Erick to Sayre, OK Railroad Rehabilitation, City of Erick, Beckham County, Oklahoma

Dear Mr. Secretary:

In the last few years, the U.S. has experienced a sharp reversal in the 30-year trend of declining crude oil supplies. Remarkable advancements in technology are revitalizing oil fields that many within the industry considered played-out. Oklahoma is no exception for the exploration and production activity enabling this reversal. In Western Oklahoma alone, the number of wells with initial production rates exceeding 1,000 barrels of oil per day is virtually unprecedented, and these types of wells are increasingly coming online.

Unfortunately, obstacles in transportation are constraining producers that are trying to deliver their goods to market. Oklahoma's oil distribution network is increasingly experiencing new challenges. Distribution pipelines are aging, truck drivers are in high demand, and when supplies can be delivered, they are arriving in Cushing, Oklahoma which lacks adequate takeaway capacity. Producers in Western Oklahoma have limited options for transporting product and equipment. Oklahoma's proposed Erick to Sayre rail project would create new opportunities for increasing production coming out of Western Oklahoma and adjacent counties in West Texas.

For the past two years, Oklahoma has experienced a significant increase in crude oil production. The Erick to Sayre railroad rehabilitation project would carry an estimated 40 rail cars of crude oil out of Beckham County and the Texas panhandle every week, equating to nearly 300,000 gallons per week, or nearly 1,000 barrels of oil per day. Counting expected westbound rail traffic in Erick, this project would reduce the need for 390,000 miles of truck travel in Beckham County, saving over 50,000 gallons of diesel fuel, as well as reducing pavement damage, emissions, and accident potential associated with this truck travel.

The Erick to Sayre railroad rehabilitation project is a positive step for Oklahoma and a positive step for the nation. New oil takeaway capacity opportunities increase the incentive to produce domestic crude oil supplies, thereby encouraging a reduced reliance on imports from unstable regions of the world. Your support will enable Oklahoma to continue playing a key role in this effort.

I appreciate the opportunity to share with you the importance of this project to Oklahoma, and I urge your expeditious approval of the Oklahoma Department of Transportation's application for TIGER 2013 funding for the Erick to Sayre Railroad Rehabilitation project.

Sincerely,



Mike Patterson
Executive Director

"The mission of the Oklahoma Department of Transportation is to provide a safe, economical, and effective transportation network for the people, commerce and communities of Oklahoma."

AN EQUAL OPPORTUNITY EMPLOYER



City of Sayre

102 WEST MAIN STREET • SAYRE, OKLAHOMA 73662

PHONE: (580) 928-2260 • FAX: (580) 928-3660 • TDD NUMBER: 1-800-722-0353

May 31, 2013

The Honorable Ray LaHood, Secretary
U.S. Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590

Dear Secretary LaHood:

Please accept this letter in support for the State of Oklahoma's application to secure funding to aid rehabilitation of state-owned rail line in western Oklahoma. The Oklahoma Department of Transportation is seeking approximately \$2 million to help them re-open a currently out-of-service rail line as part of a move to aid the expeditious delivery of crude oil to market out of western Oklahoma and the Texas panhandle, one of the country's most active alternative energy extraction regions.

The project is centered on the community of Erick, Oklahoma in Beckham County, Oklahoma where the state-owned line currently ends. Erick is currently one of Oklahoma's most economically depressed locations with a poverty rate in the neighborhood of 30%. The opportunity to promote growth in this area is not merely economically beneficial; it would be transformative to the community's citizens.

Currently the State of Oklahoma leases its track in western Oklahoma to Farmrail Corporation. They operate a rail facility in Sayre, Oklahoma that even with the doubling of its capacity will soon max out its available development footprint adjacent to the Sayre yard due to the unbelievable growth in this sector of energy development. If the State of Oklahoma can open the remaining 17 miles of track between Sayre and Erick, it would allow for the establishment of new facilities capable of once again removing the lid on energy growth in western Oklahoma as well as the eastern Texas panhandle. Additionally it is expected that the line will assist with agribusiness shipping needs.

The project is expected to cost \$2.6 million with the State of Oklahoma providing a 30% match. We know these dollars will lead to direct employment and business growth upon re-opening of this rail line. Projects similar to this one east of Erick have literally brought about rebirth to the towns around their rail facilities including Sayre and Elk City.

The City of Sayre looks forward to your support of such a worthy project.

Sincerely,

Guy Hylton
City Manager

cc: Director Mike Patterson, ODOT



May 31, 2013

The Honorable Ray LaHood
Secretary
U.S. Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590

Dear Secretary LaHood:

It is my pleasure to write a letter in support of the State of Oklahoma's application to secure funding to aid rehabilitation of state-owned rail line in western Oklahoma. The project will focus on a 15-mile segment of track between the communities of Sayre and Erick, Beckham County, Oklahoma. The total project cost is approximately \$2.6 million. Request of federal funding is \$1,831,000.00 and project match by the State of Oklahoma will be \$790,700.00 (30% of total cost).

We, here at South Western Oklahoma Development Authority (SWODA), consider ourselves partners with our Oklahoma Department of Transportation and offer any and all collaborative support regarding this endeavor. The project fully embraces the scope of our mission here at SWODA which strives for improvements to the quality of life by maximizing economic opportunities for the region. Enhancement of the railway will be mutually beneficial to not only the immediate project area, but also to all of western Oklahoma by providing an efficient shipment system serving the Anadarko Basin production areas.

In conclusion, SWODA fully supports Oklahoma Department of Transportation as they seek external resources to supplement state funds for the railway improvements. We believe that this innovative opportunity will support industrial growth and development for western Oklahoma.

Sincerely,



DEBORA GLASGOW
Executive Director



*STATE OF OKLAHOMA
OFFICE OF THE
SECRETARY OF ENERGY*

June 3, 2013

The Honorable Ray LaHood
Secretary of Transportation
U.S. Department of Transportation
1200 New Jersey Ave, SE
Washington, DC 20590

Re: Support letter for Oklahoma Department of Transportation TIGER Grant Application

Dear Mr. Secretary:

I write today to urge your support of the Oklahoma Department of Transportation's (ODOT) TIGER Grant Application (Application), which seeks assistance for rehabilitating a state-owned rail line in western Oklahoma. The approximately \$2 million of requested assistance will support ODOT's plans to reopen a currently out-of-service rail line in effort to more efficiently transport crude oil out of western Oklahoma and the Texas panhandle. Equipping ODOT with the means to restore this rail line allows the state to realize an opportunity envisioned in Oklahoma's comprehensive energy plan.

In fall 2011 Governor Mary Fallin unveiled the Oklahoma First Energy Plan. Her comprehensive plan creates a roadmap for shaping Oklahoma's energy future and focuses on a variety of resources, opportunities, and needs essential to the state. In particular, the Energy Plan identifies transportation, distribution, and infrastructure opportunities and recommends "utiliz[ing] railroads where possible to alleviate pipeline constraints, recognizing that rail can be one of the most efficient methods for transportation."

According to the US Energy Information Administration (EIA)¹, crude oil production increased by 790,000 barrels of oil per day (BOPD) between 2011 and 2012 – the single largest

¹ US Energy Information Administration, Short Term Energy Outlooks Supplement: Key drivers for EIA's Short Term U.S. Crude Oil Production Outlook. February 14, 2013.

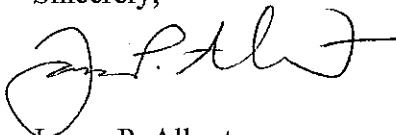
100 N. Broadway, Suite 1880 · Oklahoma City, OK 73102 · 405-285-9213 · FAX 405-285-9212
E-MAIL: jay.albert@doe.ok.gov

increase in annual output in history. This year domestic output is expected increase by 815,000 BOPD, bringing US production to its highest annual average level since 1988. The EIA specifically recognizes that "the Anadarko and Arkoma basins in north Texas, Oklahoma, and Arkansas . . . are prospects for significant growth." In fact, production forecasts in the region suggest that gross annual production could grow by as much as 30% by 2015. To accommodate this growth, additional transportation options are in great demand. ODOT's Application offers an expeditious, near-term option for bringing growing supplies to market that is consistent with national goals for increasing domestic energy production and working toward energy independence.

In addition this project offers very tangible benefits to local communities. With increasing production in the western region of the state, many operators are electing to transport crude supplies by truck due to the lack of available pipeline capacity. In turn, this leads to increased traffic, road wear, and emissions associated with movement of these resources. By expanding options for rail transportation, operators will have the opportunity to elect for a more efficient overall form of transportation that will also work to preserve the longevity of infrastructure in rural areas of the state. This Application presents an excellent opportunity to maximize the greater potential of underutilized state resources in a way that also offers substantial benefits to local communities.

I appreciate this opportunity to share with you the importance of this project to Oklahoma, and I urge your support of ODOT's Application.

Sincerely,



James P. Albert
Deputy Secretary of Energy
State of Oklahoma